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SURVEY OF THE VEGETABLE SITUATION

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Reserve

I shall attempt to present briefly the situation indicated at the present time regarding vegetables for canning and for fresh shipment. Many of you no doubt are familiar with the data I shall describe. It is believed, however, that a summary of information available to date would be of value in a general understanding of the problem and particularly in later discussions concerning the program for expanding acreage this season of vegetables, particularly tomatoes for canning.

Vegetables for Canning

Tomatoes. The 1940 pack of tomatoes consisting of 29,100,000 cases of 24 No. 2 cans to the case is the largest on record and is 16 percent above the previous 5-year average of 25,000,000 cases. This total pack, together with a carry-over of 2,200,000 cases from the 1939 season, gave a total supply of 31,300,000 cases for disposition during the season August 1, 1940, to July 31, 1941.

This large supply has moved well into consumption up to the present time. The price received by canners has been relatively low, averaging about 65 cents per dozen No. 2 cans. This low price, in addition to improvements in consumer purchasing power, has caused heavy sales in consuming channels. On April 1, 1941, stocks of 9,478,000 cases were on hand. This is about 2½ million cases larger than the stocks on hand a year ago. However, the accelerated movement of tomatoes into consumption so far this season is expected to continue and about 6½ million cases of the stocks on April 1 are expected to move into consumption and into probable advance purchases for lend-lease uses. This consumption, therefore, will result in a total disappearance this season to August 1 of about 28,300,000 cases which is 6 percent greater than the 5-year average 1935-39 of 26,600,000. This heavy movement, however, is still below the 1935 disappearance of 29,200,000 cases. A carry-over of about 3,000,000 cases on August 1, 1941, will result if the total disappearance into consuming channels continues as now indicated.

In order to provide for estimated domestic needs equivalent to those during the present 1940-41 season and for Army requirements for canned tomatoes during the 1941-42 marketing season and allow for a normal carry-over into the following year, a total pack of about 29,000,000 cases is required this year. In addition, approximately 15,000,000 cases are wanted for lend-lease uses, for disposition by the American Red Cross, for the school lunch program and relief distribution during the period April 1, 1941, to August 1, 1942. These 15,000,000 cases, together with the 29,000,000 for domestic consumption and Army requirements, make a total pack of 44,000,000 cases needed this season.

An expansion in planted acreage of about 45 percent over the 1940 acreage is estimated to be necessary to provide a pack of 44,000,000 cases of canned tomatoes and a normal production of tomato products. Assuming average yields of 4.85 tons per acre which prevailed during the past five years, a total of about 580,000 acres of tomatoes must be planted for all canning and processing purposes. With normal abandonment of 6 percent, approximately 546,000 acres would be left for harvesting. This may be compared with the 405,000 acres harvested in 1940 and with the 5-year average 1936-40 of 407,000. Average yields on this total of 546,000 acres would result in a total

production of about 2,650,000 tons of which the estimated pack of 44,000,000 cases would require 1,315,000 tons. This would leave about 1,335,000 tons for tomato products such as tomato juice, paste, pulp, puree, soups, sauce, and catsup. The 1939 and 1940 yields average about 5.5 tons per acre so that the total production in those two years averaged 2,000,000 tons. Total production needed would be about 1/3 greater than production in the past two years.

An analysis by the Bureau of Agricultural Economics indicates that prices to growers should be increased by at least \$2.75 to \$3.00 per ton over the 1940 contract price in order to bring about the necessary expansion in acreage. This analysis is based on acreage-price relationships from 1933 to 1940. In addition, allowance is made for increased production costs this year. Prices to growers in 1940 averaged \$11.75 per ton for the country as a whole. The price range was from \$9.50 to \$14.90 per ton average for the important tomato-producing States. With the anticipated necessary increase the range in price this season would average from \$12.25 to \$18.00 in the various States. In contracts already made in some States, canners have offered increases from \$1.00 to \$1.50 per ton this season. In negotiating contracts with canners, growers are in a favorable bargaining position to secure prices at least in line with the recommended increase. The large increase in acreage wanted also is expected to bring about adjustments in previously negotiated contracts.

In areas where tomatoes are purchased on the open market and are not contracted for in advance, it is anticipated that purchases by the FSOC for subsequent canning will be made if necessary to insure a fair price to growers. It may be interesting for you to know that the cost of raw tomatoes has averaged about 25 percent of the wholesale selling price in recent years. The anticipated increase from \$2.75 to \$3.00 per ton will add about 1/3 cent per can or 4 cents per dozen cans on a No. 2 basis to the canners' cost.

Peas, Corn, and Snap Beans. According to acreage intentions on March 1, considerable increases in plantings are anticipated for corn and snap beans and a smaller increase for peas for canning over the 1940 planted acreage. Planting intentions for corn are 22 percent above 1940; snap beans, 13 percent; and peas, 8 percent. Production of these vegetables with yields equal to the average for the past five years should result in production of canned peas and corn at least as large as the 5-year average and beans considerably in excess of the average for this period. Stocks on hand on April 1, 1941, of corn and snap beans are less than half of what they were on April 1, 1940, and about 55 percent of the stocks on hand April 1 during the five years 1936-40. Stocks of canned peas on April 1, 1940, likewise, are about 25 percent lower than the supply on hand April 1, 1940, and the 5-year average. Consequently, the carry-over of these canned vegetables into the 1941-42 season will be lower than the average levels. It is expected that prospective increases in consumer purchasing power this coming year will continue to increase the demand for these products. If yields are at levels equal to the last five years, supplies should be sufficient for normal domestic demand plus small amounts for other purposes.

Fresh Vegetables

Continuing the long-time upward trend that has been in evidence for some years, the acreage planted to fall and winter truck crops this season increased 9 percent over that of the previous season. Unfavorable growing weather, however, resulted in reduced yields for some of the more important crops and as a consequence the total tonnage

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produced was smaller than that of the 1939-40 fall and winter season. This was particularly true of fall carrots, celery, peppers, shallots, and tomatoes. During late January 1940 a severe freeze caused substantial acreage losses of vegetables in the late winter and early spring producing areas of the South. This freeze was followed by unfavorable growing weather during most of the spring months and resulted in a generally short production of a number of truck crops which, in turn, resulted in unusually high prices. Consequently, plantings in these areas this season have been increased, but heavy rainfall and poor growing conditions have caused some loss of truck crop acreages and have severely reduced the yield per acre. Hence, despite the efforts of producers to expand this season, the acreage of early vegetables remaining for harvest is about 9 percent below the recent 10-year average. Some of the earlier crops that were below last year in production were asparagus, cabbage, cauliflower, celery, lettuce, shallots, and tomatoes. This smaller output, together with improved purchasing power of consumers, has resulted in a relatively high level of market prices during the first quarter of 1941.

At the present time growing conditions are good in the western part of the country with abundant soil moisture and the season is two to three weeks ahead of normal in the Northwest. From the central Mississippi Valley eastward there is a need for more moisture, while many parts of the South also need rain. The season is from one to three weeks late in most eastern and southern vegetable sections, but recent warm weather is hastening operations and advancing vegetation very rapidly.

Although data concerning production of commercial vegetables for market during the summer and early fall months this season are not yet available, some idea as to the prospect can be obtained from the study of price changes in recent years as related to acreage changes for various crops. Such a comparison shows that in general prices received for the intermediate and late crops in 1940 were higher than in 1939 and indicates that there will be a tendency for growers to expand plantings of a large number of vegetables this season providing acreage allotments are not a restricting factor. While there may be some reductions in plantings this season of certain vegetables which were in very heavy supply last season and consequently which sold at low prices, it is expected that total market supplies may not be decreased greatly because of increased production expected in market garden areas. How much effect probable increased costs of production may have upon the commercial acreage planted to summer and fall vegetables cannot be determined at this time.

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